

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 AGR-05 SS-15

DODE-00 PA-01 PRS-01 NSC-05 INT-05 FEA-01 /090 W

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R 260845Z JUN 75

FM AMEMBASSY NEW DELHI

TO AMEMBASSY KATHMANDU

INFO SECSTATE WASHDC 9459

C O N F I D E N T I A L NEW DELHI 8428

E.O. 11652: GDS

TAGS: EGEN, IN, NP

SUBJ: INDIAN PRICE POLICY TOWARD NEPAL

REF: KATHMANDU 2869

1. DURING LORTON VISIT LAST WEEK, N.B. SHAH, DCM AT THE NEPALESE EMBASSY, SAID NOTHING ABOUT POSSIBLE SOFTENING OF THE INDIAN POSITION ON PRICES FOR ESSENTIAL COMMODITIES SUPPLIED TO NEPAL EXCEPT TO NOTE THAT INDIA HAD INDICATED WILLINGNESS TO PROVIDE CREDIT TO FINANCE INCREASED COST NEPALESE PURCHASES. SHAH ESTIMATED THE ADDITIONAL COST TO NEPAL AS RESULT OF THE PRICE INCREASES WILL BE RS. 30-40 MILLION. IN EXPLANATION, HE SAID THAT NEPAL NOW FIGURES ITS COAL REQUIREMENTS AT 45,000 TONS INSTEAD OF EAGAIER ESTIMATED 1000,000 TONS ANNUALLY.

2. THE DIRECTOR OF THE NORTHERN DIVISION IN THE INDIAN FOREIGN MINISTRY VOLUNTEERED NOTHING ABOUT POSSIBLE ROLL BACK OF PRICES WHEN LORTON SAW HIM. MORE RECENTLY, A JUNIOR OFFICIAL WORKING ON NEPAL IN THE COMMERCE MINISTRY, INDICATED THAT THERE WOULD BE NO CHANGE IN THE
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OVERALL POLICY. HE NOTED, HOWEVER, THAT WORLD CEMENT

PRICES WERE FALLING AND THAT THIS WOULD MEAN NEPAL
WOULD BENEFIT. HE SAID THAT NEPAL WAS GETTING ABOUT
RS 290 A QUINTAL FOR ITS RICE SOLD TO INDIA INSTEAD
OF THE EARLIER FIGURE OF RS 225. AS A RESULT, INDIA
ESTIMATED THAT NEPAL WOULD EARN ABOUT AS MUCH ADDI-
TIONAL AS IT WOULD HAVE TO PAY OUT IN HIGHER PRICES FOR
ESSENTIAL COMMODITIES. (HE WAS BASING THIS ON AN ESTIMATE
OF NEPALESE EXPORTS OF A MAXIMUM OF 100,000 TONS OF RICE
TO INDIA.)
SCHNEIDER

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NNN

Message Attributes

Automatic Decaptioning: X
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Draft Date: 26 JUN 1975
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Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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06 JUL 2006

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To: KATHMANDU
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